



# County of Los Angeles CHIEF EXECUTIVE OFFICE

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WILLIAM T FUJIOKA  
Chief Executive Officer

August 14, 2014

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To: Supervisor Don Knabe, Chairman  
Supervisor Gloria Molina  
Supervisor Mark Ridley-Thomas  
Supervisor Zev Yaroslavsky  
Supervisor Michael D. Antonovich

From: William T Fujioka  
Chief Executive Officer

A handwritten signature in black ink, appearing to be "W. T. Fujioka", written over a horizontal line.

## SACRAMENTO UPDATE - PROPOSED 2014 WATER BOND LEGISLATION

### Executive Summary

This memorandum provides an update on the Legislature's and Governor's actions to place a water bond measure on the November 4, 2014 State General Election ballot.

### Background

As previously reported, the Legislature and the Governor have been negotiating a proposal to repeal the provisions of the previously approved Water Bond measure (drafted in 2009) and to replace it with a reduced bond measure with updated funding priorities to increase the sustainability of California's water system.

On August 13, 2014, the Legislature passed, and the Governor signed, AB 1471 (Rendon), the Water Quality, Supply, and Infrastructure Improvement Act of 2014, which would, if approved by the voters in November 2014, authorize the issuance of \$7.21 billion in new State General Obligation Bonds and reauthorize \$425 million in unissued bonds to fund water resources related programs and projects.

The Water Bond measure will be Proposition 1 on the November ballot.

The Legislature also passed SB 866 (Wolk), which is identical to AB 1471 and which, as previously reported, had been recently amended as the initial draft of the water bond proposal. The Governor vetoed SB 866 noting that he had signed identical legislation (AB 1471).

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Information on the approved Water Bond measure is detailed in the report below.

**AB 1471 (Rendon) - Water Quality, Supply, and Infrastructure Improvement Act of 2014**

**AB 1471 (Rendon)**, which as amended on August 13, 2014, removes the existing water bond (drafted in 2009) from the November 2014 ballot and replaces it with a **new authorization totaling \$7.545 billion**. This bill authorizes \$7.120 billion in new General Obligation Bonds, and reauthorizes \$425 million in unissued bonds, all to fund water resources related programs and projects.

Specifically, AB 1471 will, if authorized by the voters in November 2014: 1) enact the Water Quality, Supply, and Infrastructure Improvement Act of 2014, which would authorize the issuance of bonds in the amount of \$7.12 billion pursuant to the State General Obligation Bond Law to finance a water quality, supply, and infrastructure improvement program; 2) reallocate \$425.0 million of the unissued bonds authorized for the purposes of Propositions 1E, 13, 44, 50, 84, and 204 to finance the purposes of a water quality, supply, and infrastructure improvement program; 3) provide for the submission of these provisions to the voters at the November 4, 2014, statewide General Election.

The bill, when signed by the Governor on August 13, 2014, took effect immediately as an urgency statute.

The following is an outline of the funding provisions of SB 866:

**1) Clean, Safe and Reliable Drinking Water - \$520 million**

- \$260.0 million for deposit in the State Water Pollution Control Revolving Small Community Grant Fund for wastewater treatment projects.
- \$260.0 million for grants and loans for public water system infrastructure improvements and related actions to meet safe drinking water standards, ensure affordable drinking water, or both, in small communities.

**2) Protecting Rivers, Lakes, Streams, Coastal Waters, and Watersheds - \$1.495 billion**

- \$327.5 million for statewide watershed protection and restoration projects, including:

- \$10.0 million for the Baldwin Hills Conservancy;
  - \$30.0 million for the San Gabriel and Lower Los Angeles Rivers and Mountains Conservancy; and
  - \$30.0 million for the Santa Monica Mountains Conservancy.
  - \$200.0 for the Wildlife Conservation Board for projects that result in enhanced stream flows;
  - \$100.0 million for projects to protect and enhance urban creeks;
  - \$20.0 million for watershed and urban rivers enhancement projects in urban watersheds that increase regional and local water self-sufficiency;
  - \$475.0 million Natural Resources Agency to support interstate or multi-party projects;
  - \$285.0 million to the Department of Fish and Wildlife for watershed restoration projects statewide; and
  - \$87.5 million to the Department of Fish and Wildlife for water quality, ecosystem restoration, and fish protection facilities that benefit the Delta.
- 3) Regional Water Security, Climate and Drought Preparedness - \$810.0 million**
- \$510.0 million allocated to hydrologic regions as identified in the California Water Plan, including \$98.0 million for the Los Angeles subregion;
  - \$100.0 million for grants and loans for water conservation and water-use efficiency plans, projects, and programs; and
  - \$200.0 million for grants for multi-benefit stormwater management projects.
- 4) Statewide Water System Operational Improvement and Drought Preparedness - \$2.7 billion**

- Continuously appropriated, without regard to fiscal years, to the California Water Commission for public benefits associated with water storage projects that improve the operation of the State water system, are cost effective, and provide a net improvement in ecosystem and water quality conditions;
- Projects shall be selected by the California Water Commission through a competitive public process that ranks potential projects based on the expected return for public investment as measured by the magnitude of the public benefits provided; and
- Projects eligible for funding in this section consist of only: (a) surface storage projects identified in the CALFED Bay-Delta Program Record of Decision, dated August 28, 2000; (b) groundwater storage projects and groundwater contamination prevention or remediation projects that provide water storage benefits; (c) conjunctive use and reservoir reoperation projects; and (d) local and regional surface storage projects that improve the operation of water systems in the State and provide public benefits.

#### **5) Water Recycling - \$ 725.0 million**

- For grants or loans for water recycling and advanced treatment technology projects, including:
  - Water recycling projects, including but not limited to, treatment, storage, conveyance, and distribution facilities for potable and nonpotable recycling projects;
  - Contaminant and salt removal projects, including but not limited to, groundwater and seawater desalination and associated treatment, storage, conveyance, and distribution facilities;
  - Dedicated distribution infrastructure to serve residential, commercial, agricultural, and industrial end-user retrofit projects to allow use of recycled water;
  - Pilot projects for new potable reuse and other salt and contaminant removal technology; and
  - Technical assistance and grant writing assistance for disadvantaged communities.

- At least a 50-percent local cost share shall be required for projects.

**6) Groundwater Sustainability - \$900.0 million**

- For expenditures on, and competitive grants, and loans for, projects to prevent or clean up the contamination of groundwater that serves, or has served, as a source of drinking water;
- \$80.0 million for grants for treatment and remediation activities that prevent or reduce the contamination of groundwater that serves as a source of drinking water; and
- \$100.0 million for competitive grants for projects that develop and implement groundwater plans and projects in accordance with groundwater planning requirements.

**7) Flood Management - \$395.0 million**

- \$295.0 million to reduce the risk of levee failure and flood in the Delta.

AB 1471 also contains the following general provisions:

- Funding eligibility requires urban or agricultural water management plans and compliance with 2009 Water Conservation Act;
- Funds provided by the bill shall not be expended to pay the costs of the design, construction, operation, mitigation, or maintenance of Delta conveyance facilities (the Bay Delta Conservation Plan);
- Costs for the Delta conveyance facilities shall be the responsibility of the water agencies that benefit from the design, construction, operation, mitigation, or maintenance of those facilities;
- Protection of existing water rights and reaffirmation of area of origin protections; and
- Assumes repurposing of \$105.0 million from Proposition 84 (2006), \$95.0 million from Proposition 50 (2002), \$86.0 million from Proposition 13 (2000), \$25.5M from Proposition 204 (1996), \$13.5 million from Proposition 44 (1986), and \$100.0 million from Proposition 1E (2006).

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AB 1471 passed the Senate by a vote of 37 to 0 and the Assembly by a vote of 77 to 2 on August 13, 2013. The Governor signed the measure later that same day, and it took effect immediately as an urgency statute.

The Water Bond measure will be Proposition 1 on the November ballot.

**SB 866 (Wolk) - Water Quality, Supply, and Infrastructure Improvement Act of 2014**

**SB 866 (Wolk)**, which as amended on August 11, 2014, would have repealed the \$11.14 billion bond for water-related projects and programs that was drafted in 2009 and replaced it with the Water Quality, Supply, and Infrastructure Improvement Act of 2014, which provided for \$6.995 billion in new bond funding and a reversion of \$200 million in existing bond funding, was amended on August 13, 2014.

As amended, the bill increased the proposed bond amount to \$7.545 billion, including \$7.12 billion in new bond funding and a reversion of \$425 million in existing bond funding. As amended, SB 866 is identical to AB 1471.

SB 866 passed the Assembly by a vote of 77 to 1 and the Senate by a vote of 37 to 0 on August 13, 2013. The bill was later vetoed by the Governor, who in his veto message noted that he had already signed identical legislation.

**This office and the Department of Public Works are analyzing the provisions of the final version of the water bond bill and will report on potential impact or funding opportunities that may be available, should the voters approve the measure in November 2014.**

We will continue to keep you advised.

WTF:RA  
MR:AO:ma

c: All Department Heads  
Legislative Strategist